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TAGS: [ETTC](#) [IR](#) [IT](#) [KSCA](#) [MNUC](#) [MTCRE](#) [PARM](#) [PREL](#)
SUBJECT: NO DEFINITIVE INFORMATION ON ITALIAN CMS
INDUSTRIES MACHINE TOOL SALES TO IRAN VIA TURKISH
INTERMEDIARY

REF: A. STATE 75910
[1](#)B. 08 ROME 683
[1](#)C. 08 STATE 55497
[1](#)D. 08 STATE 75132
[1](#)E. 08 ROME 910

Classified By: Econ Counselor William Meara for reasons 1.4 (b), (c) and
(d)

[1](#)1. (S) Per Ref A, Post requested that Italian officials provide an up-date on Italian machine tool manufacturer CMS Industries proposed export of NSG and Wassenaar Arrangement controlled machines tools to Iran. The export would have been through a Turkish company called Ark Makina. On August 5, Ministry of Economic Development Export License Official Giovanni Zampa told us that his office had no records of issuing a permit for CMS Industries to export machines to Art Makina. Zampa said their records only show two cases of export permits for CMS Industries sales to Turkey: one issued in May 5, 2006 for a 5 axis CNC "machining centre" model "Poseidon 30/60 Z2000, valued at 345,000 Euros, with destination listed as "Atolye A.S., of Hasanaga Industry Estate, city of Bursa Turkey; the other issued on June 20, 2007 for a "machine centre" model "Poseidon 38/75/20 - PX5," destination listed as "T.S.M.M. Ltd. Sti, address: Yukari Karaman Koyu Duzlercami Mevkii, city of Antalya, Turkey. Beyond this internal review, Zampa said that there was not much more that the GOI could do as it has no direct evidence that CMS exported controlled products to Art Makina, or that it was intending to export such products to Iran.

[1](#)2. (S) Zampa offered that if the USG suspects, or has evidence, that the two prior CMS exports to the Turkish companies cited above are related to the Art Makina case, the GOI could ask the Italian Embassy in Turkey to verify that the Turkish importers remain in possession of the machines. Zampa said that the USG would have to make this request, preferably in writing, to his Ministry. Zampa added that if USG concerns remain over future CMS Industries exports to Turkey, that the USG could also request that all CMS Industries exports to Turkey be required to undergo a periodic check to verify that the Turkish end-users remain in possession of machines bought from CMS Industries.

[1](#)3. (S) On August 17 Post also requested an up-date on this case from Pierfrancesco de Cerchio of the Italian Ministry of Foreign Affairs office responsible for export controls matters. Post reminded De Cerchio that his Office Director, Counselor Liotto, had told us in May 2008 (Ref B) that the GOI would investigate this case, and that CMS Industries could face criminal penalties if it was found to have misled

Italian export authorities. Post asked whether such investigation had in fact taken place. De Cerchio said that he was not familiar with the details of the case, but that he would speak with Zampa to inquire further.

14. (S) Comment and Guidance Request: De Cerchio's MFA office works closely in these matters with Zampa's office. Without additional information from us, it is likely that the information that Zampa provided is all that the GOI will be able to provide at this point. The only two cases above for which the GOI has a record of CMS Industries' exports to Turkey appear to fit the description of the Ref A case of export to Iran, particularly the first case of CMS export to Turkish recipient Atolye A.S. We can not be certain, however, as the Turkish companies that CMS listed as the final consignees of those shipments are not the intermediary Art Makina of Ref A concern. Post recommends that Washington agencies assess whether there is a link between Art Makina and the two other Turkish companies that received the approved CMS exports, and determine if additional information can be provided to the GOI in order to urge them to undertake a more thorough investigation of this case. Post also requests Department response to the Italian offer of post-delivery verification of CMS exports to the Turkish companies Atolye and T.S.M.M. End comment.
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